

Frequently Asked Questions

PJM Energy Efficiency Capacity Rewards

Who is CPower?

CPower Energy is the premier Virtual Power Plant provider, monetizing the value of customer-sited energy to intelligently strengthen the grid. For over a decade, we've made it simple for businesses, factories, public institutions and other large energy users to turn their energy flexibility into revenue, delivering over \$1 billion from market programs.

We partner with contractors and building owners to aggregate energy efficiency projects, capturing the value of capacity created by the demand reduction these projects achieve. CPower compensates contractors and building owners for their participation in this business opportunity.

What is PJM?

PJM Interconnection, LLC is a regional transmission organization (RTO) that coordinates the movement of wholesale electricity in all or parts of 13 states and the District of Columbia.

PJM operates the competitive wholesale electricity market and manages the high-voltage electricity grid to ensure reliability for more than 65 million people in its geographic territory extending from New Jersey to Illinois.

PJM is the largest wholesale electricity market in the world and handles over \$50 billion of electric transactions a year. Membership in PJM includes power generators, transmission owners, electricity distributors, power marketers and large consumers. The organization is headquartered in Valley Forge, PA.

How does Energy Efficiency Capacity Rewards work?

CPower's Energy Efficiency Capacity Rewards is a simple way for business owners to realize extra value from their energy efficiency projects at no additional cost. CPower partners with business owners to gain this extra value by participating in PJM's capacity market.

PJM provides compensation for qualified energy efficiency projects that have been bid into the electric capacity market. Projects are eligible for payments for the four years following the date of installation.

CPower aggregates many small and intermediate energy efficiency (EE) projects, to achieve a scale that makes participation in the energy capacity market realistic and cost effective. CPower monetizes the aggregated Energy Efficiency Resources in the PJM capacity market and then shares the payments received from PJM with its energy partners and customers.

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What is an Energy Efficiency (EE) Resource?

PJM defines an EE Resource as a project that involves the installation of more efficient devices/equipment, or the implementation of more efficient processes/systems. The EE Resource must achieve a permanent, continuous reduction in electric energy consumption (during each seasonal demand period). Examples of such projects include the installation of energy efficient lighting, variable frequency drives (VFD's), and process chiller upgrades.

Can customers participate with both Energy Efficiency projects and Demand Response?

Yes, demand response capacity value comes from "dispatchable" reductions in energy consumption. Energy Efficiency value comes from "permanent, continuous" reduction achieved by installing energy efficient equipment. Both kinds of capacity values are eligible to participate in PJM's Capacity Market.

Can anyone participate in PJM's capacity market?

No. Only a PJM Member can offer Energy Efficiency Resource(s) into the PJM Capacity Market. As a member of PJM, CPower manages the complexity and costs of participating directly in the PJM capacity market. An energy partner, business owner, or contractor can enjoy the benefits of participating in the EE program, while CPower takes care of the details.

As a dedicated participant in the market, CPower understands and meets the challenges of conforming to PJM's requirements, including the measurement and verification (M&V) of energy efficiency projects.

What determines a project's value?

The value of an EE Resource is based upon the project's expected electric demand reduction (kw savings) and the capacity pricing for the region where the project is located. The demand reduction is easily calculated; pricing varies by region and year of eligibility.

What are the obligations of Building Owners/Customers?

Obligations are minimal. Energy Partners/Customers are required to sign a simple agreement acknowledging that an EE project has been completed and authorizes CPower to exclusively bid their energy efficiency project into PJM's capacity market. Also, the partner/customer will be asked to respond to an email annually to confirm continued use of the energy efficient equipment.

Who pays the building owner/customer?

CPower will provide payment directly to the Partner and/or Customer for the committed energy efficiency project resources that have been qualified with PJM. Payments are made based on the kW saved, according to the terms of the agreement.

When does the company get paid? What type of payment will it be? Over what period of time will we be paid?

Payments will be made by check from CPower directly to the Partner/Customer. Each energy efficiency project is unique and is eligible for payment from one year to four years. The eligibility is defined in the commercial arrangement with CPower. The Partner/Customer is commonly paid bi-annually in December of the delivery year and the following June.

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Is this a fair deal?

Yes. CPower's Energy Efficiency Capacity Rewards allows all parties in energy efficiency projects to share in the newfound value that each project derives as a resource in the capacity market. This benefit is shared proportionately among energy partners, contractors, building owners/customers and CPower.

Is this program the same as utility rebates or state incentives?

No. This is a separate program from utility rebates or state incentive programs; however, some utility rebate programs retain capacity rights and therefore make the project ineligible to receive this additional value from the PJM Capacity Rewards program. Much of the project detail needed by CPower is similar to that required for most rebate programs.

So what's the catch?

There isn't a catch! This is just another incentive established to reward your environmental leadership and promote energy conservation.